Media Powerhouse

2014 AV Trends
Survey Report

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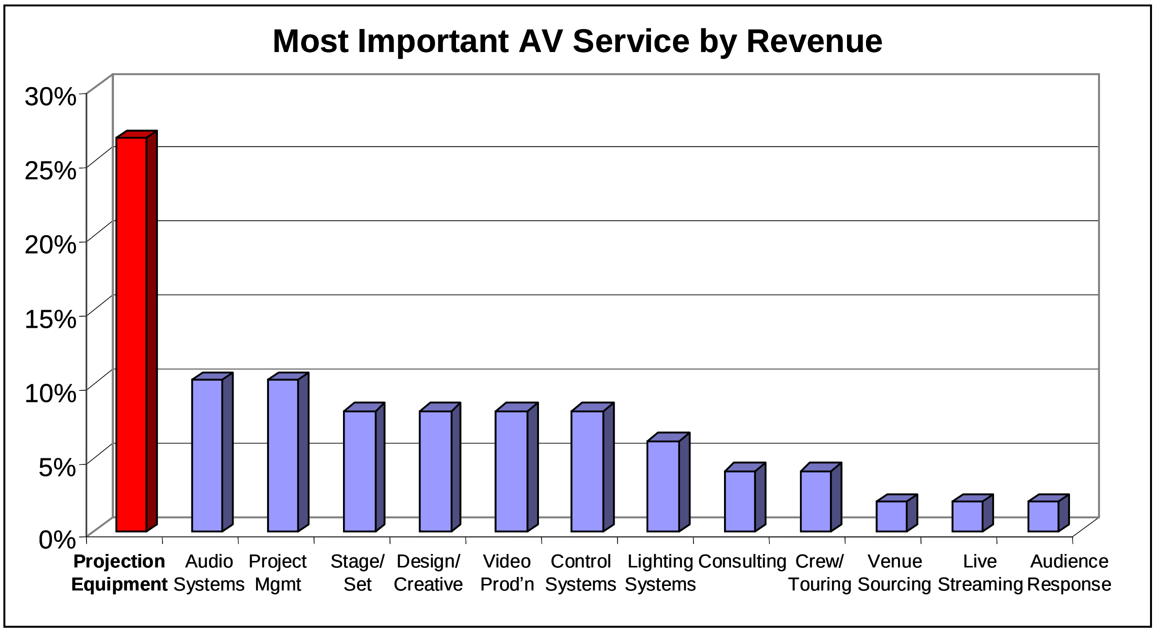
Introduction

It looks like 2013 may be regarded as the year the UK finally turned the economic corner following what turned out to be the train wreck created by the credit crunch/banking crisis of 2008. By the fourth quarter 2013 it had become clear that the economy was recovering faster than most observers had predicted. With growth forecasts being revised upwards across the board the UK is poised to be the fastest growing economy in Western Europe in 2014[1]. This optimistic position is tempered, however, by the fact that our budget deficit will remain the second highest in the G20[2]; one league table where the preference is to be a relegation candidate.

There are a number of recent data points supporting this optimism:

- December UK inflation rate decelerated to 2% to reach the Bank of England's target level; the first time the CPI (Consumer Price Index) has done so since November 2009[3].
- UK unemployment rate fell to 7.4% in the period August to October, the lowest rate since March 2009, albeit a bewildering 2.39m people[4].
- The FTSE index rose 14% during the year, the highest level since 2009[5].
- The most recent AV Industry figures suggest that in 2012 the AV market grew by 7% to just over £3bn in value with sales and installations of many product groups, such as videowall & LED screens, collaborative communications and interactive meetings up on the prior year[6].

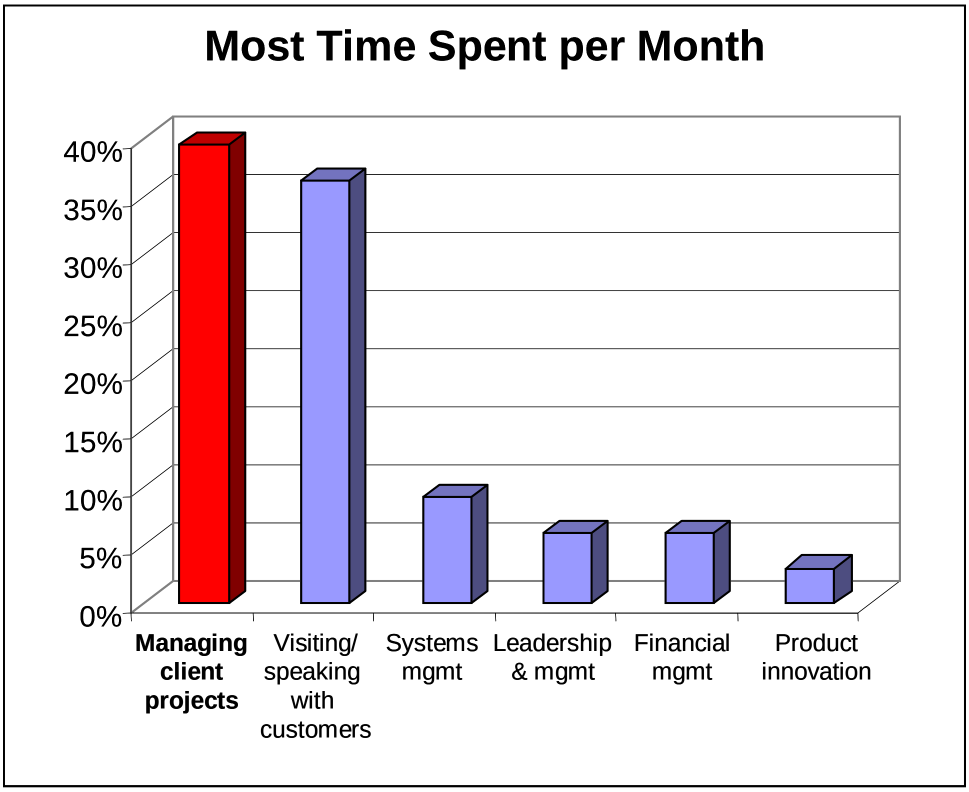
The 2014 AV Trends Survey aims to calibrate how AV professionals view 2014 and to gain some insight into development trends. The survey was completed online, over a 6 week period up to mid-January 2014, by what may be regarded as a representative cross section of the AV space with all business segments and functional roles being represented.



Responses were provided by individuals across all the business disciplines with 75% of their time being spent facing the customer, either managing the client relationship or involved in service delivery.

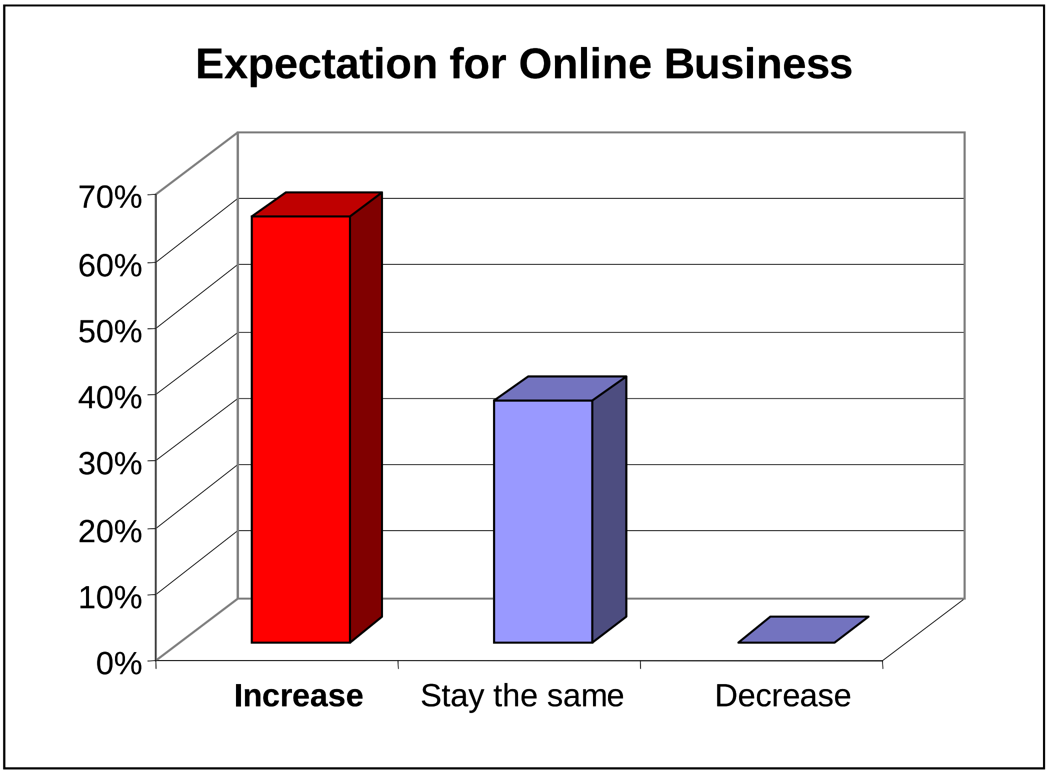
Job Titles

Business Owner	Founder	Managing Director	Business Director
Finance Director	Account Manager	Sales Manager	Export Manager
Business Development Manager	Producer	Head of Production	Executive Producer
Freelance Producer	Project Manager	Audio Visual Specialist	Technical Project Manager
Operations Manager	Event Support Specialist	Customer Service Support	Presentation Support Specialist



The survey results and some commentary are summarised below.

1. Do you expect the percentage of business secured, due to your online presence, to increase in 2014?



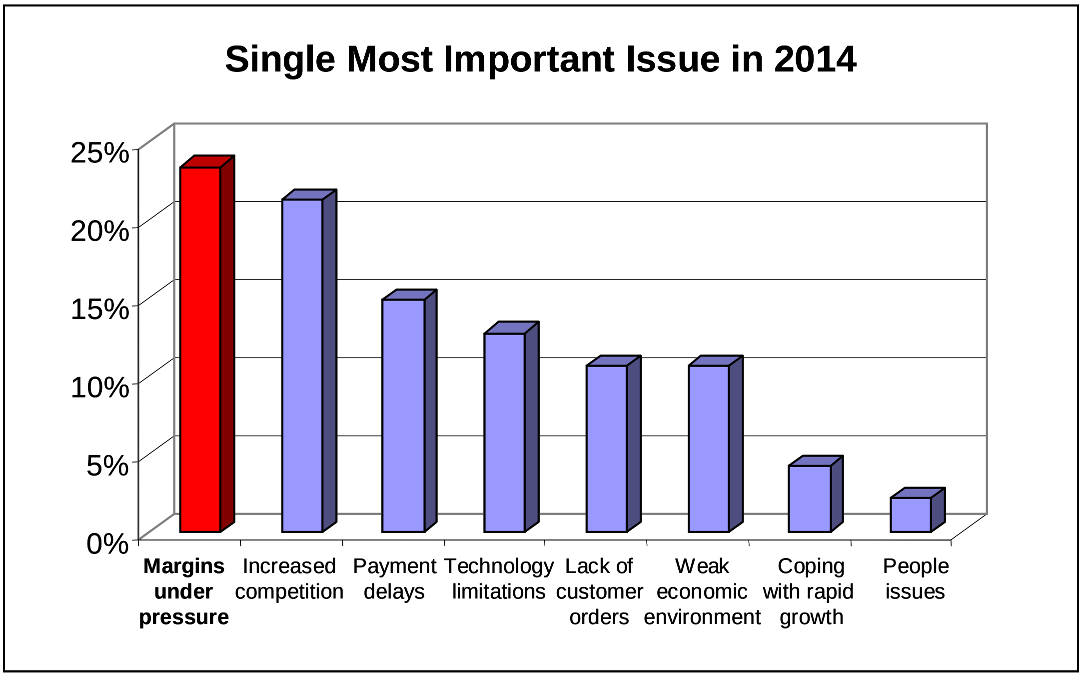
Given the growth of online spending and its visible impact on the shape of the UK high street and the increasing importance of the internet in the purchasing decision it is, perhaps, surprising that there is not a more marked difference between the two positive responses. Everyone is agreed, however, that online business levels will not decrease.

B2B businesses face the challenge of managing multiple channels or routes to market. Gone are the days when all that was needed was a reasonable web site with some downloadable brochures. Specifiers, decision makers, procurement specialists and consumers are already using the power of the internet to hunt down the best deal, which can make customer loyalty a thing of the past.

Although orders may not arrive online, the internet is a game changer for the B2B buying process. Research indicates that:

- Today's business buyers do not contact suppliers directly until 57% of the purchase process is complete[7]
- Two thirds of UK smart-phone owners use their devices to research products or services before buying[8]
- The most popular way for B2B buyers to find information is to go directly to a supplier website. Half of buyers do this, only one third go via a search engine[9]

2. What is the single most important issue facing your business in 2014?

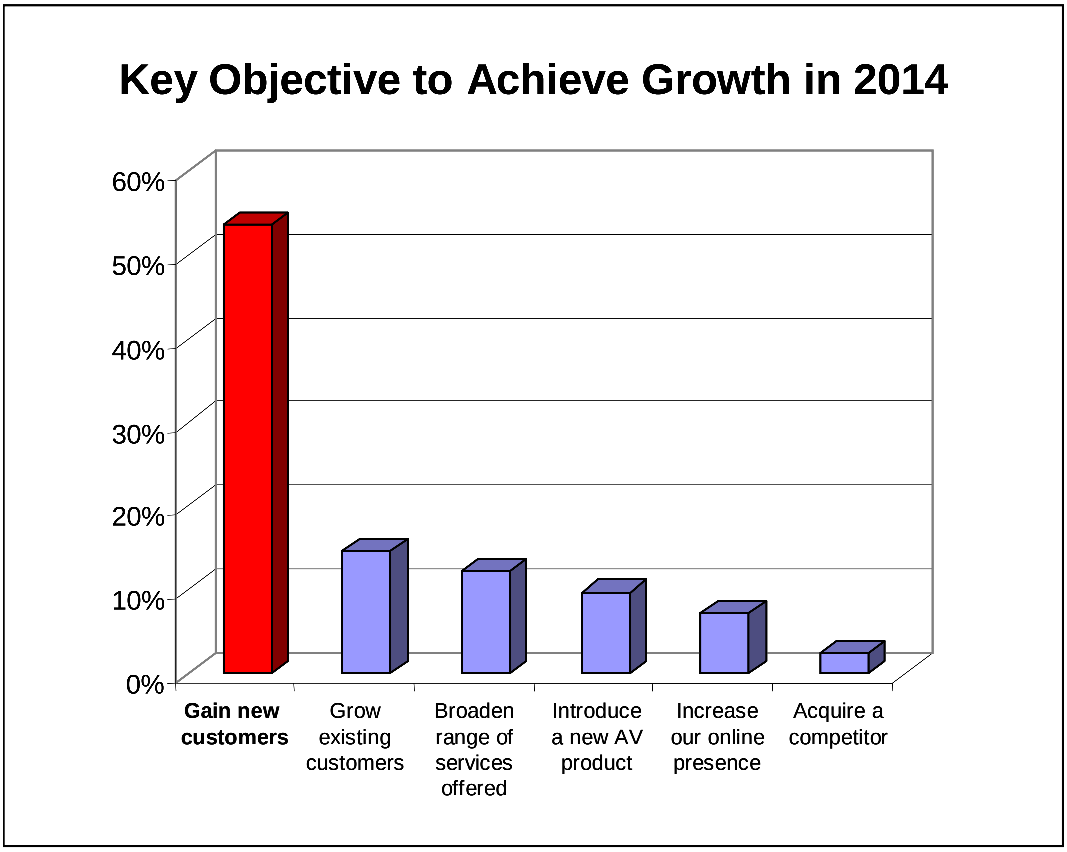


Interestingly, given the recent lean years, a "lack of customer orders" is viewed only as a mid-range issue; the implication being that enquiry and order levels have or are picking up. The top two issues, accounting for almost 50% of responses, reflect the intense commercial pressures of today's business environment. If the business volumes are present they are not being secured without overcoming commercial rivals and robust price negotiations with clients.

Rather disturbingly, payment delays are ranked 3rd most important, another symptom of businesses working hard to balance the flow of cash along the supply chain[10].

They may be in the minority, but it is encouraging to note there are some in the sector who are struggling to keep up with the rapid growth of their business.

3. Our business has the best chance of growth next year if we can achieve one of the following?



Gaining new customers and increasing business with existing clients draw over two thirds of responses. Despite margin pressures, competitive rivalry and cashflow constraints noted previously, it appears companies in the AV sector intend to sell their way to success in 2014.

The majority response, securing **new** customers, is clearly the priority objective, reflecting a desire of companies to increase the size of pool being fished, rather than solely develop the existing client base.

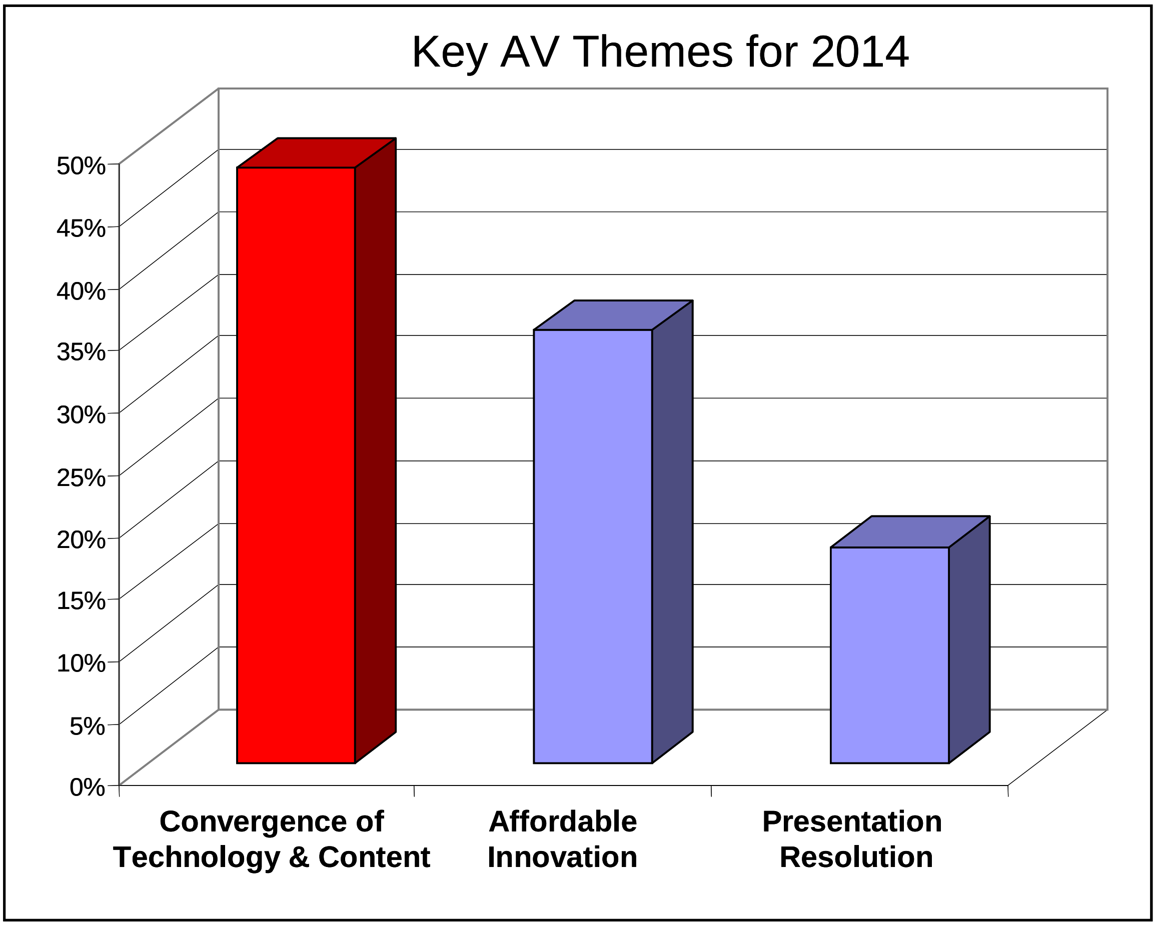
This may be easier to achieve in theory than in practice given research which indicates:

- Companies spend as much as 70% of their marketing budget to attract new customers while 90% of their revenues come from existing customers[11].
- It can cost six times more to sell something to a prospect than to an existing customer.[12]

Increasing online presence gains modest support which seems counter-intuitive given the fact that one third of B2B buyers find supplier information by finding it via a search engine. Not to mention the fact that online spending grew 18% last year[13] and is heading for £100bn+ in 2014.[14]

4. What do you see as the most important trend in the AV sector in 2014?

This free format question elicited a range of responses, as might be expected, which grouped logically into three trend themes.



Let's address the responses in reverse order of popularity. The move towards higher presentation resolution formats with further advances in LED technology has created a rush to "bigger and brighter"; resulting in projectors that are able to operate at 40,000 lumens. For many presentation formats this is more than bright enough, even up to ambient light conditions, and sometimes the client requests the display brightness to be reduced.

We have witnessed the transformation of our living rooms over the past few years such that a number of technologies are even wearable[16]. It will be interesting to see at what point on the curve this resolution and brightness trend flattens out. Maybe it already has?

Over one third of responses focused on the desire of clients to be able to use AV technologies that are typically the domain of larger, more affluent companies, due to their ability to afford the cost of being an early adopter. AV solutions will need to be innovative but also affordable to a broader group of AV clients as technology becomes more accessible; affordable innovation.

Equipment manufacturers and service providers will play an important part in this trend as their new product introduction and pricing strategies may stall or accelerate the traction achieved in the market.

Almost half of the responses focused on the issues of technology convergence and content. The AV Industry exists to enable the client to communicate one or more messages to one or more audiences. Engagement and interaction are key objectives. Interaction is no longer restricted to the audience who may be in the immediate physical location.

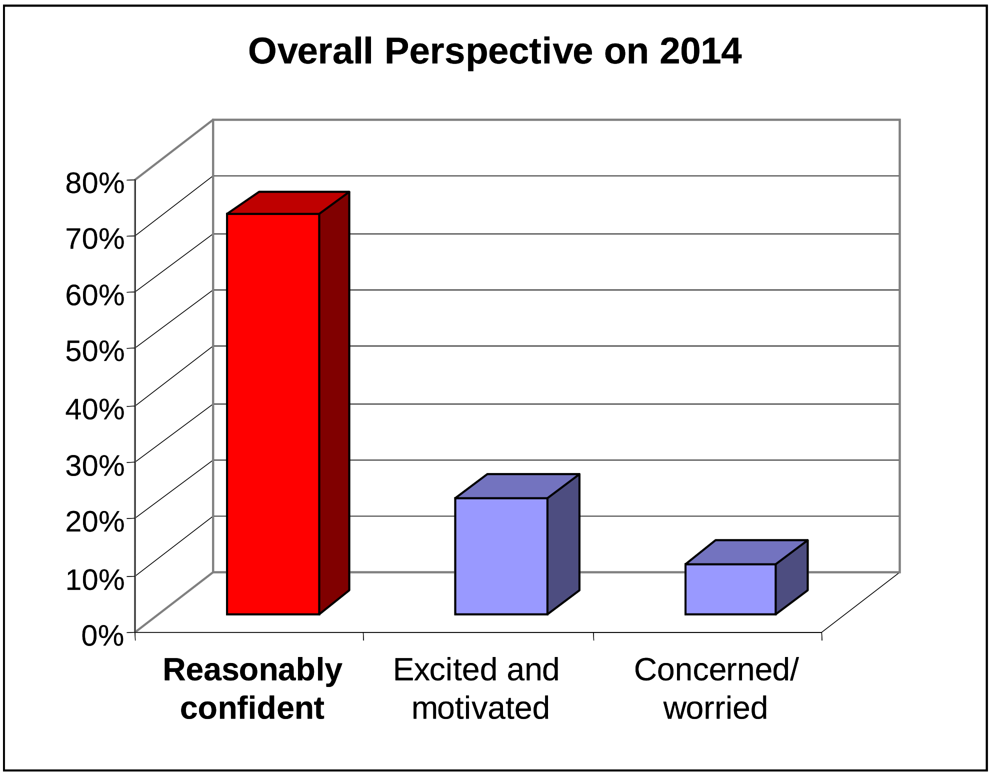
Globally there are 6.5bn mobile subscribers, 1.18bn Facebook users and circa 250m active users of Twitter and LinkedIn, in addition to the other social media platforms[15]. We truly live in a connected world where a local event, brand, celebrity or individual can become a global trend…overnight or quicker!

Personal devices are a key driver of what might become a trending item and so business executives and brand managers will become more and more interested in how their messages are being received by the people in the room as well as those outside. For the AV industry to be part of this (r)evolution, many see a requirement for AV providers to be able to offer more than simply new technologies, such as IPTV which can bring a global perspective on a regional product launch or executive meeting.

An important factor will be the need to deliver the communication or event remotely at the same quality level as it is being received locally, in terms of sound, vision, timing and synchronisation.

We will need not only converging technologies but also AV professionals with a breadth of skills to cope, an ability to grasp how new technologies apply to their role and leverage them effectively. There will always be room for the technical AV specialist, the expert in a narrow field, but there will be increasing need for multi-skilled, flexible, technical project managers who can understand customer requirements, interpret them creatively and deploy appropriate AV technology effectively.

5. How do you feel about 2014?



Despite the pressures on business owners, proprietors, management teams and freelance professionals in the AV space over the past few years it is encouraging to see the mood is significantly optimistic, with almost one quarter "excited and motivated". Indeed if we combine the two positive response groups we find that an overwhelming 92% is "confident or better" about their prospects for 2014.

Sir Terry Leahy, former CEO of Tesco plc and widely regarded as one of the UK's top business leaders, suggests in his book, "Management in 10 Words", that there are ten vital attributes that underlie great organisations[17]:

Truth	Courage	Action
Balance	Loyalty	Simplicity
Leanness	Competitiveness	Trust
	Values	

In his opinion, speaking and seeking the truth is most important. The best source of truth is often our customers, so that if we listen and learn from customers and heed their advice we stand a greater chance of success.

Conclusions

1. Heads are most definitely up across the AV sector and there is an expectation for growth and progress in 2014.

2. This optimism is tempered, however, by a recognition that success will not be delivered on a silver platter in the face of margin pressure, competition and payment issues. Excellent customer service and project delivery will be required to turn customer interest into orders and subsequently into cash.

3. Responses suggest that the two key AV trend themes for 2014 will be technology convergence and affordable innovation. We may not be able to rely on the loyalty of clients or our deep, specialist skills. Flexibility, technical breadth and affordable innovation may be the difference between winners and losers.

4. Is your business positioned to take advantage of the inexorable shift to online business? Consider these questions:

    a. Can new customers find your business online?

    b. Once they have found you, is it easy to do business with your firm? Are your products & services easy to understand, specify and order?

    c. Are you ready for mobile commerce and audience interaction? It's not coming, it's here.

2014 looks like it's going to be an exciting year in the AV sector. Grasping hold of new opportunities and exceeding client expectations may be the difference between the great and good amongst us. We had better not let the urgent crowd out the important this year.

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About Media Powerhouse

Based at Elstree Studios with offices in Northampton and Central London, Media Powerhouse has decades of experience providing AV equipment, broadcast services, integrated AV systems and AV facilities management to the events industry and large organisations. Its expertise and passion is the provision of video, sound, staging, lighting and rigging for live events in the UK and across Europe. It also designs and installs sophisticated AV and broadcast solutions for corporates, using the latest visual and communication technologies.

Media Powerhouse: your AV partner. Helping you communicate and connect with your audience.

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